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MINUTES
MTC Uniformity Committee
St. Louis, Missouri
November 14, 2006

I. Welcome and Introductions

The meeting was opened by Ted Spangler, Chair of the Uniformity Committee, at 3:00 pm. This was followed by introductions of those at the table and on the phone. The following state personnel and other individuals participated in the meeting.

Name	State or Affiliation	Name	State or Affiliation
Ted Spangler Committee Chair	ID	Wood Miller	MO
Michael Mason	AL	Lee Baerlocher	MT
Andrea Chang	CA/FTB	Lee Evans	NJ
Carl Joseph	CA/FTB	Rebecca Abbo	NM
Phil Horwitz	CO	Heidi Chowning	NM
Joe Thomas	CT	Donnita Wald	ND
John Kutsukos	CT	Mary Loftsgard	ND
Reva Tisdale	ID	Lennie Collins	NC
Barbara Nichols	ID	Janielle Lipscomb	OR
Joe Randall	ID	Frank Hales	UT
Bryan Vargas	KS	Rod Marrelli	UT
Richard Cram	KS	David Somerville	TX
Carol Ireland	KS		
Dale Vettel	MI	Deborah Bierbaum	AT&T
Keith Getschel	MN	Diann Smith	COST
MTC Staff			
Joe Huddleston	Greg Matson	Tom Shimkin	Jackie Dalenberg
Steve Yang	Les Koenig	Sheldon Laskin	Cathy Felix
Shirley Sicilian	Marie Plesko	Roxanne Bland	Jeff Silver
Ken Beier			

II. Approval of Minutes of August 2006 Meeting

Approval of the August 14, 2006 minutes was moved by Joe Randall of Idaho and seconded by Richard Cram of Kansas. This was passed on a voice vote.

III. Public Comment Period

There was no public comment during the initial public comment period.

IV. Executive Director's Report

Joe Huddleston reported on efforts to address Section 17 of the Uniform Division of Income for Tax Purposes Act (UDITPA), including communication with the National Conference of Commissioners on Uniform State Laws (NCCUSL) regarding the prospect of reforming UDITPA. Mr. Huddleston reported that he frequently hears concerns from tax administrators on apportionment issues with intangibles and the need to move forward with this effort. He added that the Uniformity and Litigation Committees will play a role in this effort.

Mr. Huddleston went on to comment on the 51-state spreadsheet (Reportable Transactions and State Filing Positions) that was passed by the Commission on September 7, 2006. He cited the potential use of spreadsheet information in audit selection and as a basis for a need or use requirement for access to IRS data. He also noted the IRS YK-1 program, which captures information on pass-through and related entities.

Mr. Huddleston also noted recent staff changes and the new MTC website.

Ted Spangler suggested that it would be helpful for tax administrators to identify NCCUSL commissioners in their states. Mr. Huddleston agreed that it would be good to get in touch with them and let them know what we look forward to working with them on reform of UDITPA.

During Mr. Huddleston's report, Michael Mason of Alabama mentioned Financial Interpretations No. 48, Accounting for Uncertainty in Income Taxes (FIN 48) which applies to all corporations which follow GAAP standards, not just publicly held companies. He added that this information may be required by lenders for privately held companies.

V. Roundtable Discussion

State representatives then commented on legislative and administrative developments in their states. (Some of these items that seem most relevant to the work of the committee are reported here.) Ted Spangler noted that Idaho recently promulgated an administrative rule that insurance companies are part of a unitary business. Idaho actively solicited public comment on this proposal, but none was received. Jan Bianchi of the State of Washington noted their practice of a preferential tax rate for advertising in newspapers and periodicals relative to other media and asked for comments on this issue.

VI. Reports and Possible Action Items (Income/Franchise Tax Segment)

Wood Miller, Chair of the Income and Franchise Tax Uniformity Subcommittee, reported on the Telecommunications Apportionment Regulation, and RICS and REITS projects. The subcommittee decided to split its discussion of RICS and REITS and there were no action items for the full committee.

VII. Reports and Possible Action Items (Sales/Use Tax Segment)

Richard Cram, Chair of the Sales and Use Tax Uniformity Subcommittee reported on the hotel intermediaries project which has revised the industry proposal in this area. He noted that industry brought a recent Internal Revenue Ruling on the nature of hotel intermediary services to the attention of the committee.

Mr. Cram also reported that an amended version of the model statistical Sampling Regulation was being forwarded to the full committee as an action item. Ted Spangler added that the question before the full committee is whether to recommend the draft statute and regulation relating to sampling to the Executive Committee for approval for public hearing. Jan Bianchi of Washington moved approval of the amended statistical sampling statute and regulation. This was seconded by Frank Hales of Utah and passed on a vote of 23 “Yes” and 0 “No.”

Mr. Cram also mentioned two potential sales and use tax uniformity projects: 1) the development of a uniform power of attorney form and 2) penalty guidelines. He noted the wide range of state approaches to penalties and stated that there might be some interest in looking at standard ways of how penalties are imposed. Ted Spangler added that the power of attorney item would obviously be of interest outside the sales and use tax area.

VIII. New Business

There was no new business to come before the committee

IX. Adjourn

The meeting was adjourned at 4:30 pm